

**Table T10-0173**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2012 <sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	5.2
Second Quintile	0.0	0.2	0.0	0.1	1	0.0	12.3
Middle Quintile	0.0	7.3	-0.2	5.4	64	0.1	18.3
Fourth Quintile	0.0	27.2	-0.6	29.0	408	0.5	21.7
Top Quintile	0.0	43.1	-0.5	65.6	1,058	0.4	28.3
All	0.0	12.5	-0.4	100.0	239	0.3	23.5
<b>Addendum</b>							
80-90	0.0	37.9	-0.7	22.1	709	0.5	24.7
90-95	0.0	46.0	-0.7	16.0	1,046	0.5	25.8
95-99	0.0	59.4	-0.9	26.4	2,134	0.6	27.7
Top 1 Percent	0.0	17.3	0.0	1.1	337	0.0	32.6
Top 0.1 Percent	0.0	11.5	0.0	0.0	91	0.0	35.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 1.2

Proposal: 19.7

\*\* This table is part of a series of tables showing the distributional effects of moving incrementally from current policy to current law. For definitions and further information, see "Related Tables: Moving Incrementally from Current Policy to Current Law" at

<http://taxpolicycenter.org/numbers/displayatab.cfm?template=simulation&SimID=367>

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed); top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and

28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T10-0173**  
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**Distribution of Federal Tax Change by Cash Income Percentile, 2012<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	0.8	0.0	5.2
<b>Second Quintile</b>	0.0	0.2	0.0	0.1	1	0.0	-0.1	4.4	0.0	12.3
<b>Middle Quintile</b>	0.0	7.3	-0.2	5.4	64	0.7	-0.1	10.8	0.1	18.3
<b>Fourth Quintile</b>	0.0	27.2	-0.6	29.0	408	2.2	0.1	18.3	0.5	21.7
<b>Top Quintile</b>	0.0	43.1	-0.5	65.6	1,058	1.4	0.0	65.5	0.4	28.3
<b>All</b>	0.0	12.5	-0.4	100.0	239	1.4	0.0	100.0	0.3	23.5
<b>Addendum</b>										
<b>80-90</b>	0.0	37.9	-0.7	22.1	709	2.1	0.1	14.2	0.5	24.7
<b>90-95</b>	0.0	46.0	-0.7	16.0	1,046	2.1	0.1	10.3	0.5	25.8
<b>95-99</b>	0.0	59.4	-0.9	26.4	2,134	2.3	0.1	15.8	0.6	27.7
<b>Top 1 Percent</b>	0.0	17.3	0.0	1.1	337	0.1	-0.3	25.2	0.0	32.6
<b>Top 0.1 Percent</b>	0.0	11.5	0.0	0.0	91	0.0	-0.2	12.7	0.0	35.6

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	38,450	24.4	11,600	602	10,998	5.2	3.7	4.6	0.8
<b>Second Quintile</b>	34,947	22.2	28,852	3,544	25,308	12.3	8.4	9.6	4.5
<b>Middle Quintile</b>	31,868	20.3	52,224	9,512	42,712	18.2	13.9	14.8	10.9
<b>Fourth Quintile</b>	26,646	16.9	88,978	18,911	70,066	21.3	19.8	20.3	18.1
<b>Top Quintile</b>	23,298	14.8	280,229	78,113	202,116	27.9	54.5	51.1	65.5
<b>All</b>	157,348	100.0	76,169	17,653	58,516	23.2	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	11,720	7.5	138,385	33,460	104,925	24.2	13.5	13.4	14.1
<b>90-95</b>	5,734	3.6	196,549	49,571	146,978	25.2	9.4	9.2	10.2
<b>95-99</b>	4,655	3.0	345,574	93,478	252,096	27.1	13.4	12.7	15.7
<b>Top 1 Percent</b>	1,190	0.8	1,825,188	595,444	1,229,743	32.6	18.1	15.9	25.5
<b>Top 0.1 Percent</b>	120	0.1	8,367,274	2,978,944	5,388,330	35.6	8.4	7.0	12.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 1.2

Proposal: 19.7

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2009 dollars): 20% \$19,356, 40% \$37,493, 60% \$65,656, 80% \$111,659, 90% \$161,739, 95% \$226,402, 99% \$599,181, 99.9% \$2,727,123.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T10-0173**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	2.1
Second Quintile	0.0	2.0	-0.1	1.4	17	0.6	0.0	3.3	0.1	10.9
Middle Quintile	0.0	10.2	-0.4	11.9	143	1.8	0.0	8.8	0.3	17.2
Fourth Quintile	0.0	25.1	-0.7	32.3	405	2.5	0.2	17.5	0.5	21.1
Top Quintile	0.0	27.9	-0.4	54.3	682	1.1	-0.2	70.1	0.3	28.0
All	0.0	12.5	-0.4	100.0	239	1.4	0.0	100.0	0.3	23.5
<b>Addendum</b>										
80-90	0.0	22.6	-0.5	16.0	399	1.4	0.0	15.3	0.3	24.4
90-95	0.0	27.8	-0.6	14.9	740	1.8	0.1	11.5	0.4	25.7
95-99	0.0	43.5	-0.7	22.1	1,394	1.8	0.1	17.0	0.5	27.4
Top 1 Percent	0.0	19.4	0.0	1.5	380	0.1	-0.3	26.2	0.0	32.4
Top 0.1 Percent	0.0	13.5	0.0	0.1	218	0.0	-0.2	13.2	0.0	35.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income	Tax Income	Federal Taxes
							Percent of Total	Percent of Total	Percent of Total
Lowest Quintile	31,706	20.2	10,935	233	10,702	2.1	2.9	3.7	0.3
Second Quintile	32,349	20.6	26,208	2,832	23,376	10.8	7.1	8.2	3.3
Middle Quintile	31,237	19.9	46,322	7,817	38,505	16.9	12.1	13.1	8.8
Fourth Quintile	29,980	19.1	77,565	15,985	61,581	20.6	19.4	20.1	17.3
Top Quintile	29,936	19.0	235,547	65,190	170,358	27.7	58.8	55.4	70.3
All	157,348	100.0	76,169	17,653	58,516	23.2	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,019	9.6	117,658	28,259	89,399	24.0	14.7	14.6	15.3
90-95	7,540	4.8	167,170	42,284	124,887	25.3	10.5	10.2	11.5
95-99	5,940	3.8	294,212	79,311	214,901	27.0	14.6	13.9	17.0
Top 1 Percent	1,436	0.9	1,584,726	513,245	1,071,480	32.4	19.0	16.7	26.5
Top 0.1 Percent	142	0.1	7,360,192	2,600,041	4,760,151	35.3	8.7	7.4	13.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Number of AMT Taxpayers (millions). Baseline: 1.2

Proposal: 19.7

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

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**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Single Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	1.5	0.0	7.3
<b>Second Quintile</b>	0.0	0.1	0.0	1.1	1	0.1	0.0	5.3	0.0	11.8
<b>Middle Quintile</b>	0.0	0.3	0.0	2.3	3	0.0	0.0	12.6	0.0	18.2
<b>Fourth Quintile</b>	0.0	1.4	0.0	9.7	13	0.1	0.0	20.5	0.0	22.1
<b>Top Quintile</b>	0.0	7.8	-0.1	86.9	146	0.3	0.1	60.1	0.1	28.6
<b>All</b>	0.0	1.4	-0.1	100.0	23	0.2	0.0	100.0	0.1	23.0
<b>Addendum</b>										
<b>80-90</b>	0.0	3.2	-0.1	16.7	53	0.3	0.0	15.5	0.1	25.3
<b>90-95</b>	0.0	7.2	-0.2	19.1	129	0.4	0.0	10.9	0.1	26.8
<b>95-99</b>	0.0	19.2	-0.3	45.5	407	0.7	0.1	14.6	0.2	27.7
<b>Top 1 Percent</b>	0.0	19.5	0.0	5.6	251	0.1	0.0	19.0	0.0	34.6
<b>Top 0.1 Percent</b>	0.0	14.1	0.0	0.1	73	0.0	0.0	9.1	0.0	38.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	16,972	24.6	8,380	613	7,768	7.3	4.7	5.7	1.5
<b>Second Quintile</b>	15,474	22.5	19,970	2,363	17,607	11.8	10.2	11.7	5.3
<b>Middle Quintile</b>	14,005	20.3	34,261	6,240	28,021	18.2	15.9	16.8	12.6
<b>Fourth Quintile</b>	11,543	16.8	55,833	12,330	43,503	22.1	21.3	21.5	20.5
<b>Top Quintile</b>	9,596	13.9	151,979	43,376	108,602	28.5	48.2	44.7	60.0
<b>All</b>	68,932	100.0	43,878	10,064	33,814	22.9	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	5,066	7.4	84,037	21,234	62,803	25.3	14.1	13.7	15.5
<b>90-95</b>	2,373	3.4	119,032	31,774	87,257	26.7	9.3	8.9	10.9
<b>95-99</b>	1,795	2.6	204,548	56,224	148,324	27.5	12.1	11.4	14.6
<b>Top 1 Percent</b>	361	0.5	1,060,631	366,493	694,138	34.6	12.7	10.8	19.1
<b>Top 0.1 Percent</b>	32	0.1	5,243,107	2,000,041	3,243,065	38.2	5.5	4.4	9.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed); top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

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(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

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**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	2.9
<b>Second Quintile</b>	0.0	2.2	-0.1	0.5	15	0.4	0.0	1.7	0.1	10.8
<b>Middle Quintile</b>	0.0	15.6	-0.5	9.2	246	2.6	0.1	5.8	0.4	16.0
<b>Fourth Quintile</b>	0.0	37.9	-0.9	33.0	674	3.6	0.3	15.4	0.7	20.5
<b>Top Quintile</b>	0.0	36.5	-0.5	57.3	945	1.2	-0.3	76.8	0.3	27.8
<b>All</b>	0.0	23.6	-0.5	100.0	500	1.6	0.0	100.0	0.4	24.5
<b>Addendum</b>										
<b>80-90</b>	0.0	31.4	-0.5	16.6	573	1.8	0.0	15.5	0.4	24.0
<b>90-95</b>	0.0	36.0	-0.7	16.1	1,016	2.1	0.1	12.5	0.5	25.4
<b>95-99</b>	0.0	53.3	-0.7	23.3	1,837	2.0	0.1	19.0	0.5	27.4
<b>Top 1 Percent</b>	0.0	19.4	0.0	1.4	425	0.1	-0.5	29.8	0.0	31.9
<b>Top 0.1 Percent</b>	0.0	14.0	0.0	0.1	276	0.0	-0.2	14.8	0.0	34.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
<b>Lowest Quintile</b>	6,622	10.8	14,526	428	14,098	2.9	1.2	1.6	0.2
<b>Second Quintile</b>	8,956	14.6	33,405	3,598	29,806	10.8	3.9	4.6	1.7
<b>Middle Quintile</b>	11,470	18.7	59,671	9,323	50,348	15.6	8.9	9.9	5.7
<b>Fourth Quintile</b>	15,032	24.5	95,023	18,812	76,210	19.8	18.5	19.5	15.2
<b>Top Quintile</b>	18,609	30.3	281,842	77,326	204,516	27.4	67.8	64.9	77.1
<b>All</b>	61,357	100.0	126,020	30,417	95,603	24.1	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	8,860	14.4	138,312	32,578	105,734	23.6	15.9	16.0	15.5
<b>90-95</b>	4,843	7.9	192,091	47,805	144,286	24.9	12.0	11.9	12.4
<b>95-99</b>	3,890	6.3	337,723	90,769	246,953	26.9	17.0	16.4	18.9
<b>Top 1 Percent</b>	1,015	1.7	1,748,464	557,166	1,191,299	31.9	23.0	20.6	30.3
<b>Top 0.1 Percent</b>	102	0.2	7,890,377	2,743,399	5,146,979	34.8	10.5	9.0	15.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.99% \$1,670,467.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T10-0173**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	0.0	0.0	0.0	0.0	0	0.0	0.1	-3.7	0.0	-5.9
<b>Second Quintile</b>	0.0	5.4	-0.2	7.3	45	1.6	-0.2	12.8	0.2	9.3
<b>Middle Quintile</b>	0.0	23.2	-0.7	31.0	278	3.2	0.1	27.5	0.6	17.9
<b>Fourth Quintile</b>	0.0	53.7	-1.0	36.9	609	3.8	0.3	28.0	0.8	21.8
<b>Top Quintile</b>	0.0	50.7	-0.7	24.8	914	2.0	-0.3	35.3	0.5	26.5
<b>All</b>	0.0	15.1	-0.5	100.0	186	2.8	0.0	100.0	0.5	16.2
<b>Addendum</b>										
<b>80-90</b>	0.0	46.2	-0.8	12.0	683	2.5	0.0	13.4	0.6	24.6
<b>90-95</b>	0.0	60.5	-1.1	6.4	1,265	3.3	0.0	5.5	0.8	25.3
<b>95-99</b>	0.0	64.0	-0.8	6.2	1,633	2.4	0.0	7.3	0.6	25.3
<b>Top 1 Percent</b>	0.0	22.4	0.0	0.2	317	0.1	-0.3	9.2	0.0	32.4
<b>Top 0.1 Percent</b>	0.0	11.3	0.0	0.0	28	0.0	-0.1	4.3	0.0	35.3

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
<b>Lowest Quintile</b>	7,840	31.9	13,490	-789	14,279	-5.9	10.3	13.0	-3.8
<b>Second Quintile</b>	7,497	30.5	30,617	2,801	27,817	9.2	22.4	24.2	13.0
<b>Middle Quintile</b>	5,095	20.8	50,275	8,707	41,568	17.3	25.0	24.5	27.4
<b>Fourth Quintile</b>	2,777	11.3	76,881	16,174	60,707	21.0	20.8	19.5	27.8
<b>Top Quintile</b>	1,242	5.1	178,521	46,442	132,079	26.0	21.6	19.0	35.6
<b>All</b>	24,547	100.0	41,760	6,594	35,166	15.8	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	805	3.3	112,763	27,107	85,656	24.0	8.9	8.0	13.5
<b>90-95</b>	232	0.9	154,893	37,853	117,040	24.4	3.5	3.1	5.4
<b>95-99</b>	173	0.7	278,418	68,759	209,659	24.7	4.7	4.2	7.3
<b>Top 1 Percent</b>	33	0.1	1,423,600	460,908	962,691	32.4	4.6	3.7	9.4
<b>Top 0.1 Percent</b>	3	0.0	6,950,503	2,450,694	4,499,810	35.3	2.0	1.5	4.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.99% \$1,670,467.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T10-0173**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Tax Units with Children**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-0.9	0.0	-6.6
Second Quintile	0.0	6.0	-0.2	1.7	49	1.4	0.0	3.3	0.1	10.2
Middle Quintile	0.0	29.6	-0.8	14.7	424	3.8	0.1	10.6	0.7	18.6
Fourth Quintile	0.0	70.1	-1.5	38.9	1,176	5.3	0.5	20.6	1.1	22.6
Top Quintile	0.0	62.6	-0.7	44.7	1,592	1.8	-0.6	66.3	0.5	29.0
All	0.0	32.0	-0.8	100.0	603	2.7	0.0	100.0	0.6	23.8
<b>Addendum</b>										
80-90	0.0	62.0	-0.9	16.6	1,118	2.9	0.0	15.8	0.7	25.4
90-95	0.0	73.2	-1.3	14.8	2,213	3.8	0.1	10.6	1.0	26.7
95-99	0.0	62.6	-0.9	13.0	2,462	2.2	-0.1	16.1	0.6	28.7
Top 1 Percent	0.0	13.6	0.0	0.3	241	0.0	-0.6	23.7	0.0	33.8
Top 0.1 Percent	0.0	8.9	0.0	0.0	24	0.0	-0.3	11.4	0.0	35.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	10,133	20.6	14,723	-967	15,690	-6.6	3.2	4.4	-0.9
Second Quintile	10,359	21.1	34,672	3,486	31,186	10.1	7.7	9.0	3.3
Middle Quintile	10,251	20.9	62,298	11,143	51,155	17.9	13.6	14.5	10.5
Fourth Quintile	9,800	19.9	103,142	22,180	80,961	21.5	21.6	22.0	20.0
Top Quintile	8,315	16.9	306,063	87,211	218,852	28.5	54.3	50.5	66.9
All	49,155	100.0	95,419	22,061	73,359	23.1	100.0	100.0	100.0
<b>Addendum</b>									
80-90	4,398	9.0	157,496	38,905	118,591	24.7	14.8	14.5	15.8
90-95	1,976	4.0	224,546	57,644	166,902	25.7	9.5	9.2	10.5
95-99	1,567	3.2	400,356	112,227	288,129	28.0	13.4	12.5	16.2
Top 1 Percent	374	0.8	2,088,455	706,577	1,381,877	33.8	16.7	14.3	24.4
Top 0.1 Percent	36	0.1	9,839,694	3,520,707	6,318,987	35.8	7.6	6.3	11.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level—a 55 percent top tax rate and a \$1 million exemption, not indexed); top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2009 dollars): 20% \$13,219, 40% \$24,782, 60% \$41,864, 80% \$68,188, 90% \$97,830, 95% \$138,709, 99% \$361,983, 99.9% \$1,670,467.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

**Table T10-0173**  
**Incremental Effects of Allowing the 2001 and 2003 Tax Cuts to Sunset**  
**Eliminate AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	2.6
Second Quintile	0.0	0.0	0.0	0.1	0	0.0	0.0	1.8	0.0	4.4
Middle Quintile	0.0	0.8	0.0	1.9	7	0.3	0.0	3.7	0.0	6.9
Fourth Quintile	0.0	2.8	-0.1	7.8	32	0.4	0.0	10.7	0.1	12.8
Top Quintile	0.0	14.8	-0.2	90.2	369	0.5	0.0	83.6	0.1	26.9
All	0.0	3.4	-0.1	100.0	75	0.5	0.0	100.0	0.1	20.1
<b>Addendum</b>										
80-90	0.0	4.5	-0.1	7.9	75	0.4	0.0	10.3	0.1	18.7
90-95	0.0	9.6	-0.2	11.6	195	0.6	0.0	9.8	0.1	21.7
95-99	0.0	34.0	-0.5	60.1	992	1.4	0.2	20.9	0.4	26.0
Top 1 Percent	0.0	27.2	-0.1	10.6	559	0.1	-0.2	42.6	0.0	32.7
Top 0.1 Percent	0.0	17.2	0.0	0.2	128	0.0	-0.1	21.4	0.0	35.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2012<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	5,016	16.4	10,899	283	10,616	2.6	2.4	2.9	0.3
Second Quintile	8,213	26.9	22,528	992	21,536	4.4	8.0	9.6	1.8
Middle Quintile	5,981	19.6	41,094	2,833	38,261	6.9	10.6	12.4	3.7
Fourth Quintile	5,495	18.0	70,238	8,977	61,262	12.8	16.7	18.2	10.7
Top Quintile	5,617	18.4	257,048	68,709	188,339	26.7	62.4	57.2	83.5
All	30,543	100.0	75,737	15,130	60,607	20.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	2,427	8.0	105,444	19,637	85,807	18.6	11.1	11.3	10.3
90-95	1,362	4.5	153,103	33,060	120,043	21.6	9.0	8.8	9.8
95-99	1,394	4.6	267,882	68,638	199,243	25.6	16.1	15.0	20.7
Top 1 Percent	434	1.4	1,396,961	455,479	941,482	32.6	26.2	22.1	42.8
Top 0.1 Percent	42	0.1	6,520,091	2,339,141	4,180,950	35.9	12.0	9.6	21.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-5).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Baseline is current policy (extension of the 2001-2003 tax cuts and patching AMT using 2009 parameters indexed for inflation) plus estate tax at current law level— a 55 percent top tax rate and a \$1 million exemption, not indexed; top two tax brackets raised to 36 and 39.6 percent; restoration of the personal exemption phaseout (PEP) and the limitation on itemized deductions (Pease); increased tax rates on long-term capital gains (10 percent for tax units in 15 percent bracket, 20 percent for rest) and reduced rates for gains on assets held 5 years or longer; taxation of all dividends as ordinary income; removal of low- and middle-income tax cuts (eliminate the 10 percent bracket and increase the 25 and 28 percent tax rates to 28 and 31 percent; restore marriage penalties by setting the standard deduction and 10 and 15 percent tax brackets for couples filing jointly to 1.67 times those for singles and making the EITC phaseout threshold for couples filing jointly the same as that for singles; and repeal expansions of the student loan interest deduction, the Earned Income Tax Credit (EITC), the Child and Dependent Care Tax Credit (CDCTC), and the Child Tax Credit (CTC)). Policy is elimination of the AMT patch.

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